

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE 1 OF 17 PAGES
2. AMENDMENT/MODIFICATION NO. M236	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy National Nuclear Security Administration Sandia Site Office (MS 0184) P.O. Box 5400 Albuquerque, NM 87185-5400		7. ADMINISTERED BY (If other than Item 6) CODE		
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state, ZIP Code) Sandia Corporation P. O. Box 5800 Albuquerque, NM 87185		9A. AMENDMENT OF SOLICITATION NO.		
		9B. DATED (SEE ITEM 11)		
THIS MODIFICATION IS ISSUED OUT OF SEQUENCE FOLLOWING M239.		10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC04-94AL85000		
CODE	FACILITY CODE	10B. DATED (SEE ITEM 13) October 1, 1993		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE-NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: The Department of Energy Organization Act, 42 U.S.C. § 7101 et seq. and the National Nuclear Security Administration Act, 50 U.S.C. § 2401 et seq.
	D. OTHER (Specify type of modification and authority):

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)


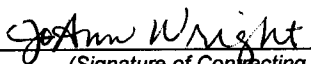
The purpose of this modification is to 1) agree upon estimated cost and fee for the period of October 1, 2005 through September 30, 2006, and

2) Update H-24, Home Office and Other Corporate Support to incorporate a provisional FY2006 ceiling limitation;

3) Update Section I, Contract Clauses; and

4) Replace Appendix E, Small Business Subcontracting Plan and update Section J, Appendix G, List of Applicable Directives and NNSA Policy Letters.

Except as provided herein, all terms and conditions of the document referenced in Items 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Gary B. Zura, Level II Manager Sandia Corporation		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) JoAnn Wright, Contracting Officer Sandia Site Office	
15B. CONTRACTOR/OFFEROR BY  (Signature of person authorized to sign)	15C. DATE SIGNED 1/17/06	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 1/20/06

1. Section B, Clause B-2, Contract Type and Value is amended as follows:
- a. Paragraph (b), Total Estimated Cost, exclusive of Contractor's Fees in Modification M218 is corrected to remove dollars associated with Contractor's Fees as follows:

<u>Contract Period</u>	<u>Estimated Cost is changed</u>
October 1, 2004 through September 30, 2005	<u>from:</u> \$2,322,364,000.00 <u>to:</u> \$2,297,398,587.00
TOTAL through FY05	<u>from:</u> \$19,890,983,917.00 <u>to:</u> \$19,866,018,504.00

- b. Paragraph (b) is revised as follows to set forth the Estimated Cost for FY 2006 and to reflect the Total Estimated Cost, exclusive of Contractor's Fees:

<u>Contract Period</u>	<u>Estimated Cost</u>
October 1, 2005 through September 30, 2006	\$2,345,479,105.00
TOTAL through FY06	\$22,211,497,609.00

- c. Paragraph (c) is revised as follows to set forth the Fixed Fee for FY 2006 and to reflect the total Fixed Fee under the contract:

<u>Contract Period</u>	<u>Fixed Fee</u>
October 1, 2005 through September 30, 2006	\$ 16,596,769.00
TOTAL through FY06	\$ 203,986,420.00

- d. Paragraph (d) is revised to set forth the maximum available Performance Incentive Fee pool for FY 2006 and to reflect the total Performance Incentive Fee pool under the contract:

<u>Contract Period</u>	<u>Maximum Available Performance Incentive Fee Pool</u>
October 1, 2005 through September 30, 2006	\$ 8,891,126.00
TOTAL through FY06	\$ 25,799,991.00

- e. Paragraph (e) in Modification M218, the Total Estimated Cost, Fixed Fee, and Maximum Available Performance Incentive Fee Pool is corrected as follows: The Total Estimated

Cost, Fixed Fee, and Maximum Available Performance Incentive Fee Pool under this contract for the period October 1, 1993, through September 30, 2005 is changed from: \$20,095,282,433.00 to \$20,070,317,020.00.

- f. Paragraph (e) is revised as follows: The Total Estimated Cost, Fixed Fee, and Maximum Available Performance Incentive Fee Pool under this contract for the period October 1, 1993, through September 30, 2006 is \$22,441,284,020.00.
- 2. Section H, Clause H-24, Home Office and Other Corporate Support, is revised to incorporate an FY 2006 estimated ceiling for home office and other corporate support services directly attributable to the contract by adding the following as the first sentence of paragraph (d): The provisional FY 2006 estimated budget for these services is \$882,000.00.
- 3. Section I, Contract Clauses, is revised as follows:

a. Clause I-11, FAR 52.209-6 Protecting the Government's Interests When Subcontracting with Debarred, Suspended, or Proposed for Debarment (July 1995) is replaced by:

**PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS
DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JAN 2005)**

- (a) The Government suspends or debars Contractors to protect the Government's interests. The Contractor shall not enter into any subcontract in excess of \$25,000 with a Contractor that is debarred, suspended, or proposed for debarment unless there is a compelling reason to do so.
- (b) The Contractor shall require each proposed first-tier subcontractor, whose subcontract will exceed \$25,000, to disclose to the Contractor, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government.
- (c) A corporate officer or a designee of the Contractor shall notify the Contracting Officer, in writing, before entering into a subcontract with a party that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the Excluded Parties List System). The notice must include the following:
 - (1) The name of the subcontractor.
 - (2) The Contractor's knowledge of the reasons for the subcontractor being in the Excluded Parties List System.
 - (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion in the Excluded Parties List System.
 - (4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

(End of clause)

b. Clause I-15, FAR 52.219-9 Small Business Subcontracting Plan (Jan 2002) is replaced by:

SMALL BUSINESS SUBCONTRACTING PLAN (JULY 2005)

(a) This clause does not apply to small business concerns.

(b) *Definitions.* As used in this clause—

“Commercial item” means a product or service that satisfies the definition of commercial item in section 2.101 of the Federal Acquisition Regulation.

“Commercial plan” means a subcontracting plan (including goals) that covers the offeror’s fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

“Individual contract plan” means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror’s planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

“Master plan” means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

“Subcontract” means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the offeror ineligible for award of a contract.

(d) The offeror’s subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

(2) A statement of—

- (i) Total dollars planned to be subcontracted for an individual contract plan; or the offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;
- (ii) Total dollars planned to be subcontracted to small business concerns;
- (iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;
- (iv) Total dollars planned to be subcontracted to service-disabled veteran-owned small business;
- (v) Total dollars planned to be subcontracted to HUBZone small business concerns;
- (vi) Total dollars planned to be subcontracted to small disadvantaged business concerns; and
- (vii) Total dollars planned to be subcontracted to women-owned small business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to—

- (i) Small business concerns;
- (ii) Veteran-owned small business concerns;
- (iii) Service-disabled veteran-owned small business concerns;
- (iv) HUBZone small business concerns;
- (v) Small disadvantaged business concerns; and
- (vi) Women-owned small business concerns.

(4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in PRO-Net as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of PRO-Net as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with—

- (i) Small business concerns;
- (ii) Veteran-owned small business concerns;
- (iii) Service-disabled veteran-owned small business concerns;
- (iv) HUBZone small business concerns;
- (v) Small disadvantaged business concerns; and
- (vi) Women-owned small business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a subcontracting plan that complies with the requirements of this clause.

(10) Assurances that the offeror will—

- (i) Cooperate in any studies or surveys as may be required;
- (ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;
- (iii) Submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with paragraph (j) of this clause. The reports shall provide information on subcontract awards to small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with the instructions on the forms or as provided in agency regulations.
- (iv) Ensure that its subcontractors agree to submit SF 294 and SF 295.

(11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

- (i) Source lists (e.g., PRO-Net), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.
- (ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.
- (iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating—
 - (A) Whether small business concerns were solicited and, if not, why not;
 - (B) Whether veteran-owned small business concerns were solicited and, if not, why not;

- (C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;
- (D) Whether HUBZone small business concerns were solicited and, if not, why not;
- (E) Whether small disadvantaged business concerns were solicited and, if not, why not;
- (F) Whether women-owned small business concerns were solicited and, if not, why not; and
- (G) If applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact—

- (A) Trade associations;
- (B) Business development organizations;
- (C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and
- (D) Veterans service organizations.

(v) Records of internal guidance and encouragement provided to buyers through—

- (A) Workshops, seminars, training, etc.; and
- (B) Monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.

- (4) Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by accessing the Central Contractor Registration (CCR) database or by contacting SBA.
- (5) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged, or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.
- (f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided—
- (1) The master plan has been approved;
 - (2) The offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and
 - (3) Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.
- (g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Commercial plans are also preferred for subcontractors that provide commercial items under a prime contract, whether or not the prime contractor is supplying a commercial item.
- (h) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.
- (i) The failure of the Contractor or subcontractor to comply in good faith with—
- (1) The clause of this contract entitled "Utilization Of Small Business Concerns;" or
 - (2) An approved plan required by this clause, shall be a material breach of the contract.
- (j) The Contractor shall submit the following reports:
- (1) *Standard Form 294, Subcontracting Report for Individual Contracts*. This report shall be submitted to the Contracting Officer semiannually and at contract completion. The report covers subcontract award data related to this contract. This report is not required for commercial plans.
 - (2) *Standard Form 295, Summary Subcontract Report*. This report encompasses all of the contracts with the awarding agency. It must be submitted semi-annually for contracts with the Department of Defense and annually for contracts with civilian agencies. If the reporting activity is covered by a commercial plan, the reporting activity must report annually all subcontract awards under that plan. All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a breakout, in the Contractor's format, of subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry

Classification System (NAICS) Industry Subsector. For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Subsector and report all awards to that subcontractor under its predominant NAICS Industry Subsector.

(End of clause)

c. Clause I-36, FAR 52.230-6 Administration of Cost Accounting Standards (Nov 1999) is replaced by:

ADMINISTRATION OF COST ACCOUNTING STANDARDS (APR 2005)

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this contract, the Contractor shall take the steps outlined in paragraphs (b) through (i) and (k) through (n) of this clause:

(a) *Definitions.* As used in this clause—

“Affected CAS-covered contract or subcontract” means a contract or subcontract subject to CAS rules and regulations for which a Contractor or subcontractor—

- (1) Used one cost accounting practice to estimate costs and a changed cost accounting practice to accumulate and report costs under the contract or subcontract; or
- (2) Used a noncompliant practice for purposes of estimating or accumulating and reporting costs under the contract or subcontract.

“Cognizant Federal agency official (CFAO)” means the Contracting Officer assigned by the cognizant Federal agency to administer the CAS.

“Desirable change” means a compliant change to a Contractor's established or disclosed cost accounting practices that the CFAO finds is desirable and not detrimental to the Government and is, therefore, not subject to the no increased cost prohibition provisions of CAS-covered contracts and subcontracts affected by the change.

“Fixed-price contracts and subcontracts” means—

- (1) Fixed-price contracts and subcontracts described at FAR 16.202, 16.203, (except when price adjustments are based on actual costs of labor or material, described at 16.203-1(a)(2)), and 16.207;
- (2) Fixed-price incentive contracts and subcontracts where the price is not adjusted based on actual costs incurred (FAR Subpart 16.4);
- (3) Orders issued under indefinite-delivery contracts and subcontracts where final payment is not based on actual costs incurred (FAR Subpart 16.5); and
- (4) The fixed-hourly rate portion of time-and-materials and labor-hours contracts and subcontracts (FAR Subpart 16.6).

“Flexibly-priced contracts and subcontracts means”—

- (1) Fixed-price contracts and subcontracts described 16.203-1(a)(2) at FAR 16.204, 16.205, and 16.206;
- (2) Cost-reimbursement contracts and subcontracts (FAR Subpart 16.3);
- (3) Incentive contracts and subcontracts where the price may be adjusted based on actual costs incurred (FAR Subpart 16.4);

- (4) Orders issued under indefinite-delivery contracts and subcontracts where final payment is based on actual costs incurred (FAR Subpart 16.5); and
- (5) The materials portion of time-and-materials contracts and subcontracts (FAR Subpart 16.6).

“Noncompliance” means a failure in estimating, accumulating, or reporting costs to—

- (1) Comply with applicable CAS; or
- (2) Consistently follow disclosed or established cost accounting practices.

“Required change” means—

- (1) A change in cost accounting practice that a Contractor is required to make in order to comply with a CAS, or a modification or interpretation thereof, that subsequently becomes applicable to existing CAS-covered contracts or subcontracts due to the receipt of another CAS-covered contract or subcontract; or
- (2) A prospective change to a disclosed or established cost accounting practice when the CFAO determines that the former practice was in compliance with applicable CAS and the change is necessary for the Contractor to remain in compliance.

“Unilateral change” means a change in cost accounting practice from one compliant practice to another compliant practice that a Contractor with a CAS-covered contract(s) or subcontract(s) elects to make that has not been deemed a desirable change by the CFAO and for which the Government will pay no aggregate increased costs.

(b) Submit to the CFAO a description of any cost accounting practice change as outlined in paragraphs (b)(1) through (3) of this clause (including revisions to the Disclosure Statement, if applicable), and any written statement that the cost impact of the change is immaterial. If a change in cost accounting practice is implemented without submitting the notice required by this paragraph, the CFAO may determine the change to be a failure to follow paragraph (a)(2) of the clause at FAR 52.230-2, Cost Accounting Standards; paragraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; or paragraph (a)(2) of the clause at FAR 52.230-5, Cost Accounting Standards—Educational Institution.

(1) When a description has been submitted for a change in cost accounting practice that is dependent on a contract award and that contract is subsequently awarded, notify the CFAO within 15 days after such award.

(2) For any change in cost accounting practice not covered by (b)(1) of this clause that is required in accordance with paragraphs (a)(3) and (a)(4)(i) of the clause at FAR 52.230-2; or paragraphs (a)(3), (a)(4)(i), or (a)(4)(iv) of the clause at FAR 52.230-5; submit a description of the change to the CFAO not less than 60 days (or such other date as may be mutually agreed to by the CFAO and the Contractor) before implementation of the change.

(3) For any change in cost accounting practices proposed in accordance with paragraph (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2 and FAR 52.230-5; or with paragraph (a)(3) of the clause at FAR 52.230-3, submit a description of the change not less than 60 days (or such other date as may be mutually agreed to by the CFAO and the Contractor) before implementation of the change. If the change includes a proposed retroactive date submit supporting rationale.

- (4) Submit a description of the change necessary to correct a failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by paragraph (a)(5) of the clause at FAR 52.230-2 and FAR 52.230-5; or by paragraph (a)(4) of the clause at FAR 52.230-3)—
- (i) Within 60 days (or such other date as may be mutually agreed to by the CFAO and the Contractor) after the date of agreement with the CFAO that there is a noncompliance; or
 - (ii) In the event of Contractor disagreement, within 60 days after the CFAO notifies the Contractor of the determination of noncompliance.
- (c) When requested by the CFAO, submit on or before a date specified by the CFAO—
- (1) A general dollar magnitude (GDM) proposal in accordance with paragraph (d) or (g) of this clause. The Contractor may submit a detailed cost-impact (DCI) proposal in lieu of the requested GDM proposal provided the DCI proposal is in accordance with paragraph (e) or (h) of this clause;
 - (2) A detailed cost-impact (DCI) proposal in accordance with paragraph (e) or (h) of this clause;
 - (3) For any request for a desirable change that is based on the criteria in FAR 30.603-2(b)(3)(ii), the data necessary to demonstrate the required cost savings; and
 - (4) For any request for a desirable change that is based on criteria other than that in FAR 30.603-2(b)(3)(ii), a GDM proposal and any other data necessary for the CFAO to determine if the change is a desirable change.
- (d) For any change in cost accounting practice subject to paragraph (b)(1), (b)(2), or (b)(3) of this clause, the GDM proposal shall—
- (1) Calculate the cost impact in accordance with paragraph (f) of this clause;
 - (2) Use one or more of the following methods to determine the increase or decrease in cost accumulations:
 - (i) A representative sample of affected CAS-covered contracts and subcontracts.
 - (ii) The change in indirect rates multiplied by the total estimated base computed for each of the following groups:
 - (A) Fixed-price contracts and subcontracts.
 - (B) Flexibly-priced contracts and subcontracts.
 - (iii) Any other method that provides a reasonable approximation of the total increase or decrease in cost accumulations for all affected fixed-price and flexibly-priced contracts and subcontracts;
 - (3) Use a format acceptable to the CFAO but, as a minimum, include the following data:
 - (i) The estimated increase or decrease in cost accumulations by Executive agency, including any impact the change may have on contract and subcontract incentives, fees, and profits, for each of the following groups:
 - (A) Fixed-price contracts and subcontracts.
 - (B) Flexibly-priced contracts and subcontracts.
 - (ii) For unilateral changes, the increased or decreased costs to the Government for each of the following groups:
 - (A) Fixed-price contracts and subcontracts.
 - (B) Flexibly-priced contracts and subcontracts; and

- (4) When requested by the CFAO, identify all affected CAS-covered contracts and subcontracts.
- (e) For any change in cost accounting practice subject to paragraph (b)(1), (b)(2), or (b)(3) of this clause, the DCI proposal shall—
- (1) Show the calculation of the cost impact in accordance with paragraph (f) of this clause;
 - (2) Show the estimated increase or decrease in cost accumulations for each affected CAS-covered contract and subcontract unless the CFAO and Contractor agree to include—
 - (i) Only those affected CAS-covered contracts and subcontracts having an estimate to complete exceeding a specified amount; and
 - (ii) An estimate of the total increase or decrease in cost accumulations for all affected CAS-covered contracts and subcontracts, using the results in paragraph (e)(2)(i) of this clause;
 - (3) Use a format acceptable to the CFAO but, as a minimum, include the information in paragraph (d)(3) of this clause; and
 - (4) When requested by the CFAO, identify all affected CAS-covered contracts and subcontracts.
- (f) For GDM and DCI proposals that are subject to the requirements of paragraph (d) or (e) of this clause, calculate the cost impact as follows:
- (1) The cost impact calculation shall include all affected CAS-covered contracts and subcontracts regardless of their status (*i.e.*, open or closed) or the fiscal year in which the costs were incurred (*i.e.*, whether or not the final indirect rates have been established).
 - (2) For unilateral changes—
 - (i) Determine the increased or decreased cost to the Government for flexibly-priced contracts and subcontracts as follows:
 - (A) When the estimated cost to complete using the changed practice exceeds the estimated cost to complete using the current practice, the difference is increased cost to the Government.
 - (B) When the estimated cost to complete using the changed practice is less than the estimated cost to complete using the current practice, the difference is decreased cost to the Government;
 - (ii) Determine the increased or decreased cost to the Government for fixed-priced contracts and subcontracts as follows:
 - (A) When the estimated cost to complete using the changed practice is less than the estimated cost to complete using the current practice, the difference is increased cost to the Government.
 - (B) When the estimated cost to complete using the changed practice exceeds the estimated cost to complete using the current practice, the difference is decreased cost to the Government;
 - (iii) Calculate the total increase or decrease in contract and subcontract incentives, fees, and profits associated with the increased or decreased costs to the Government in accordance with 48 CFR 9903.306(c). The associated

increase or decrease is based on the difference between the negotiated incentives, fees, and profits and the amounts that would have been negotiated had the cost impact been known at the time the contracts and subcontracts were negotiated; and

- (iv) Calculate the increased cost to the Government in the aggregate.
- (3) For equitable adjustments for required or desirable changes—
 - (i) Estimated increased cost accumulations are the basis for increasing contract prices, target prices and cost ceilings; and
 - (ii) Estimated decreased cost accumulations are the basis for decreasing contract prices, target prices and cost ceilings.
- (g) For any noncompliant cost accounting practice subject to paragraph (b)(4) of this clause, prepare the GDM proposal as follows:
 - (1) Calculate the cost impact in accordance with paragraph (i) of this clause.
 - (2) Use one or more of the following methods to determine the increase or decrease in contract and subcontract prices or cost accumulations, as applicable:
 - (i) A representative sample of affected CAS-covered contracts and subcontracts.
 - (ii) When the noncompliance involves cost accumulation the change in indirect rates multiplied by the applicable base for only flexibly-priced contracts and subcontracts.
 - (iii) Any other method that provides a reasonable approximation of the total increase or decrease.
- (3) Use a format acceptable to the CFAO but, as a minimum, include the following data:
 - (i) The total increase or decrease in contract and subcontract price and cost accumulations, as applicable, by Executive agency, including any impact the noncompliance may have on contract and subcontract incentives, fees, and profits, for each of the following groups:
 - (A) Fixed-price contracts and subcontracts.
 - (B) Flexibly-priced contracts and subcontracts.
 - (ii) The increased or decreased cost to the Government for each of the following groups:
 - (A) Fixed-price contracts and subcontracts.
 - (B) Flexibly-priced contracts and subcontracts.
 - (iii) The total overpayments and underpayments made by the Government during the period of noncompliance.
- (4) When requested by the CFAO, identify all CAS-covered contracts and subcontracts.
- (h) For any noncompliant practice subject to paragraph (b)(4) of this clause, prepare the DCI proposal as follows:
 - (1) Calculate the cost impact in accordance with paragraph (i) of this clause.
 - (2) Show the increase or decrease in price and cost accumulations for each affected CAS-covered contract and subcontract unless the CFAO and Contractor agree to—

- (i) Include only those affected CAS-covered contracts and subcontracts having—
 - (A) Contract and subcontract values exceeding a specified amount when the noncompliance involves estimating costs; and
 - (B) Incurred costs exceeding a specified amount when the noncompliance involves accumulating costs; and
 - (ii) Estimate the total increase or decrease in price and cost accumulations for all affected CAS-covered contracts and subcontracts using the results in paragraph (h)(2)(i) of this clause.
 - (3) Use a format acceptable to the CFAO that, as a minimum, include the information in paragraph (g)(3) of this clause.
 - (4) When requested by the CFAO, identify all CAS-covered contracts and subcontracts.
- (i) For GDM and DCI proposals that are subject to the requirements of paragraph (g) or (h) of this clause, calculate the cost impact as follows:
- (1) The cost impact calculation shall include all affected CAS-covered contracts and subcontracts regardless of their status (*i.e.*, open or closed) or the fiscal year in which the costs are incurred (*i.e.*, whether or not the final indirect rates have been established).
 - (2) For noncompliances that involve estimating costs, determine the increased or decreased cost to the Government for fixed-price contracts and subcontracts as follows:
 - (i) When the negotiated contract or subcontract price exceeds what the negotiated price would have been had the Contractor used a compliant practice, the difference is increased cost to the Government.
 - (ii) When the negotiated contract or subcontract price is less than what the negotiated price would have been had the Contractor used a compliant practice, the difference is decreased cost to the Government.
 - (3) For noncompliances that involve accumulating costs, determine the increased or decreased cost to the Government for flexibly-priced contracts and subcontracts as follows:
 - (i) When the costs that were accumulated under the noncompliant practice exceed the costs that would have been accumulated using a compliant practice (from the time the noncompliant practice was first implemented until the date the noncompliant practice was replaced with a compliant practice), the difference is increased cost to the Government.
 - (ii) When the costs that were accumulated under the noncompliant practice are less than the costs that would have been accumulated using a compliant practice (from the time the noncompliant practice was first implemented until the date the noncompliant practice was replaced with a compliant practice), the difference is decreased cost to the Government.
 - (4) Calculate the total increase or decrease in contract and subcontracts incentives, fees, and profits associated with the increased or decreased cost to the Government in accordance with 48 CFR 9903.306(c). The associated increase or decrease is based on the difference between the negotiated incentives, fees, and profits and the amounts that would have been negotiated had the Contractor used a compliant practice.

- (5) Calculate the increased cost to the Government in the aggregate.
- (j) If the Contractor does not submit the information required by paragraph (b) or (c) of this clause within the specified time, or any extension granted by the CFAO, the CFAO may take one or both of the following actions:
- (1) Withhold an amount not to exceed 10 percent of each subsequent amount payment to the Contractor's affected CAS-covered contracts, (up to the estimated general dollar magnitude of the cost impact), until such time as the Contractor provides the required information to the CFAO.
 - (2) Issue a final decision in accordance with FAR 33.211 and unilaterally adjust the contract(s) by the estimated amount of the cost impact.
- (k) Agree to—
- (1) Contract modifications to reflect adjustments required in accordance with paragraph (a)(4)(ii) or (a)(5) of the clauses at FAR 52.230-2 and 52.230-5; or with paragraph (a)(3)(i) or (a)(4) of the clause at FAR 52.230-3; and
 - (2) Repay the Government for any aggregate increased cost paid to the Contractor.
- (l) For all subcontracts subject to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5—
- (1) So state in the body of the subcontract, in the letter of award, or in both (do not use self-deleting clauses);
 - (2) Include the substance of this clause in all negotiated subcontracts; and
 - (3) Within 30 days after award of the subcontract, submit the following information to the Contractor's CFAO:
 - (i) Subcontractor's name and subcontract number.
 - (ii) Dollar amount and date of award.
 - (iii) Name of Contractor making the award.
- (m) Notify the CFAO in writing of any adjustments required to subcontracts under this contract and agree to an adjustment to this contract price or estimated cost and fee. The Contractor shall—
- (1) Provide this notice within 30 days after the Contractor receives the proposed subcontract adjustments; and
 - (2) Include a proposal for adjusting the higher-tier subcontract or the contract appropriately.
- (n) For subcontracts containing the clause or substance of the clause at FAR 52.230-2, FAR 52.230-3, or FAR 52.230-5, require the subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

(End of clause)

d. Clause I-45, FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components (July 2004) is replaced by:

SUBCONTRACTS FOR COMMERCIAL ITEMS (DEC 2004)

(a) Definitions. As used in this clause—

“Commercial item” has the meaning contained in Federal Acquisition Regulation 2.101, Definitions.

“Subcontract” includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c)(1) The Contractor shall insert the following clauses in subcontracts for commercial items:

- (i) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$500,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.
- (ii) 52.222-26, Equal Opportunity (Apr 2002) (E.O. 11246).
- (iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001) (38 U.S.C. 4212(a));
- (iv) 52.222-36, Affirmative Action for Workers with Disabilities (June 1998) (29 U.S.C. 793).
- (v) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201). Flow down as required in accordance with paragraph (g) of FAR clause 52.222-39).
- (vi) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Apr 2003) (46 U.S.C. App. 1241 and 10 U.S.C. 2631) (flow down required in accordance with paragraph (d) of FAR clause 52.247-64).

(2) While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

(End of clause)

e. **Clause I-69, DEAR 970.5203-1 Management Controls (Dec 2000) is replaced by:**

DEAR 970.5203-1 MANAGEMENT CONTROLS (DEC 2000)(DEVIATION)

(a)(1) The contractor shall be responsible for maintaining, as an integral part of its organization, effective systems of management controls for both administrative and programmatic activities. Management controls comprise the plan of organization, methods, and procedures adopted by management to reasonably ensure that: the mission and activities assigned to the contractor are properly executed; efficient and effective operations are promoted; resources are safeguarded against waste, loss, mismanagement, unauthorized use, or misappropriation; all encumbrances and costs that are incurred under the contract and fees that are earned are in compliance with applicable clauses and other current terms, conditions, and intended purposes; all collections accruing to the contractor in connection with the work under this contract, expenditures, and all other transactions and assets are properly recorded, managed, and reported; and financial, statistical, and other reports necessary to maintain accountability and managerial control are accurate, reliable, and timely.

(2) The systems of controls employed by the contractor shall be documented and satisfactory to DOE.

(3) Such systems shall be an integral part of the contractor's management activities, including defining specific roles and responsibilities for each level of management, and holding employees accountable for the adequacy of the management systems and controls in their areas of assigned responsibility.

(4) The contractor shall, as part of the internal audit program required elsewhere in this contract, periodically review the management systems and controls employed in programs and administrative areas to ensure that they are adequate to provide reasonable assurance that the objectives of the systems are being accomplished and that these systems and controls are working effectively. **Annually, or at other intervals directed by the contracting officer, the contractor shall supply to the contracting officer copies of the reports reflecting the status of recommendations that result from audits of business, financial, or management controls performed by its internal audit activity and any other audit activity.**

(b) The contractor shall be responsible for maintaining, as a part of its operational responsibilities, a baseline quality assurance program that implements documented performance, quality standards, and control and assessment techniques.

(End of clause)

4. Section J, Appendix E, *Small Business Subcontracting Plan for Sandia Corporation*, is updated and superseded in its entirety with Attachment 1 to this modification.
5. Section J, Appendix G, *List of Applicable Directives and NNSA Policy Letters*, dated July 5, 2005, is hereby updated and superseded in its entirety with Attachment 2 to this modification, dated September 16, 2005.
6. All other terms and conditions remain unchanged.

----- End of Modification -----

**Part III - Section J
Appendix E**

**Small Business Subcontracting Plan
For
Sandia Corporation**

Period of October 1, 2003 through September 30, 2009

This Small Business Subcontracting Plan is submitted by Sandia Corporation (SANDIA) in accordance with Section 8(d) of Public Law 95-507. It is established between SANDIA and the Department of Energy (DOE) National Nuclear Security Administration (NNSA) under Prime Contract Number DE-AC04-94AL85000.

I. GOALS

A. BREAKDOWN AND PERCENTAGES

The Contractor's proposed Goals for Small Business concerns (SB), Service-Disabled Veteran-Owned Small Business concerns (SDVOSB), HUBZone Small Business concerns (HUBZone SB), Certified Small Disadvantaged Business concerns (SDB), Veteran-Owned Small Business concerns (VOSB), and Women-Owned Small Business concerns (WOSB) shall be submitted in writing during the month of August with final negotiations completed by mid-September. The established Goals will be incorporated into this Plan annually by letter and will not require contract modification.

The proposed Goals shall be based upon an established percentage of estimated commercial entities purchases, which will be derived from the current fiscal year budget. In the event that there is a significant funding reduction for a specific program/project at SANDIA, SANDIA shall be allowed to submit a request for goal adjustment. The request will be supported by a detailed justification and signed by the Manager of Supply Chain Resources and Development. Goals may be changed/re-negotiated with the approval of the Contracting Officer.

Goals for the utilization of SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB subcontractors shall be submitted as follows unless otherwise requested by the Contracting Officer:

1. Total Commercial Procurement dollars available for Subcontracting Concerns
2. Total dollars and percentage planned to be subcontracted to SB
3. Total dollars and percentage planned to be subcontracted to SDVOSB
4. Total dollars and percentage planned to be subcontracted to HUBZone SB
5. Total dollars and percentage planned to be subcontracted to SDB
6. Total dollars and percentage planned to be subcontracted to VOSB
7. Total dollars and percentage planned to be subcontracted to WOSB

B. EXCEPTIONS

The Contractor's proposed Goals for SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB shall not include the following:

1. Subcontracts involving performance outside the U.S. or its outlying area.
2. Purchases from a corporation, company, or subdivision that is an affiliate of the prime/subcontractor.

C. PRODUCTS AND METHODOLOGY

1. Principal Products and Services

The principal products and services to be obtained in support of this Plan are those generally associated with a multi-program science and engineering laboratory. SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB will generally supply a significant portion of the goods and services purchased. Examples of commodities are as indicated below.

Laboratory Equipment
Specialty/Promotional items
Construction/Renovation
Safety Equipment
Office Supplies & Furniture
Mechanical Subassemblies
Engineering Services & Supplies
Computer Supplies & Equipment

Chemicals & Adhesives
Media Services & Supplies
Tools
Electronics
Electrical Components & Assemblies
Services
Clothing
Computer & Office Supplies

2. Methodology for Determining Subcontracting Goals

Annual goals are developed based upon the previous years' records and experience as well as our acquisition forecasts for the next year. The anticipated needs and programs for the current year are also taken into consideration.

3. Methodology for Identification of Suppliers

NNSA Provided Tools – The Contractor is authorized to use NNSA provided resource tools in the identification of qualified Suppliers.

Trade Fairs - The Contractor actively participates in Minority Business Opportunity Trade Fairs across the Southwest and the United States. The Contractor shall participate in those trade fairs that will be most beneficial to the Contractor's efforts in identifying SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB concerns.

CCR – The Small Business Administration (SBA) Internet database may be used as a source of potential small business suppliers.

Supplier Facility Survey - The Contractor's buyers, engineers and other support personnel, as required, may visit selected facilities of prospective SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB suppliers to assess their capability, capacity, and potential to provide goods and services to the SNL.

National, Regional, and Local Business & Trade Organizations - The Contractor shall be an active member in those organizations that best meet SANDIA's requirements and are of benefit to the supplier community.

Other Sources of Information - Various local, regional, and national small, disadvantaged and women-owned small business directories and associations.

4. Indirect costs have been included in the dollar and percentages in subcontracting goals stated above.

II. PROGRAM ADMINISTRATOR

The Contractor's Manager of Supply Chain Resources and Development, Victor A. Chavez, Mail Stop 0113, Albuquerque, NM 87185, (505) 844-4220 will be responsible for the administration of this Subcontracting Plan.

Responsibilities of the Manager of Supply Chain Resources and Development, or their designee, include:

- Assure success of the Plan by assisting Procurement in preparing directives and procedures.
- Serve as the Contractor's SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB Liaison Officer.
- Search for SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB sources for use by the Contractor in proposed competitive procurements expected to exceed \$100,000.
- Review Large Business Subcontracting Plans for utilization of SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB subcontracting plans submitted to the Contractor in connection with supply and/or service subcontract awards of \$500,000 or greater (or \$1,000,000 or greater for construction), and assure that such plans are consistent with PL 95-507 requirements.
- Ensure flow down of appropriate clauses in subcontracts.
- Collect and prepare necessary data to submit reports to the Contracting Officer as required.
- Provide statistics to the Contractor's management on progress toward established goals and recognition of significant Buyer/Subcontract Specialist.
- Assure inclusion of SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB firms in solicitations where appropriate.
- Maintain business directories from national, regional, and local business and trade organizations, and other sources to expand and keep current listings of SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB sources.
- Participate as the Contractor's representative in SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB trade fairs, conferences, SBA and MED events specifically directed toward offering opportunities for participants to do business with the Contractor.
- Serve as the Contractor's representative to business and trade organizations and other appropriate organizations.
- Hold periodic training and other meetings with the procurement staff on the Socioeconomic Programs.
- Conduct periodic meetings and otherwise communicate with all Laboratories' organizational components regarding the Plan's goals and status.
- Support SBA activities.

III. OUTREACH EFFORTS

The following efforts shall be taken to assure that SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB will have an equitable opportunity to compete for subcontracts:

A. External Efforts

Attendance at national and local SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB procurement conferences and trade fairs, such as:

- Annual Small Minority Expos,
- Small Business Trade Fairs/Conferences,
- Annual Minority Business Enterprise (MBE) Trade Fairs,

- Small and Disadvantaged Business Utilization National Conferences.
- Women Owned Business Conferences
- Veteran Owned Business Events

Utilization of publications and directories to identify new SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB sources, including but not limited to:

- TRY US,
- SBA's CCR, and
- National, local, and regional business and trade organization directories.

In some instances, a Contractor engineer or other specialist may assist Procurement conducting an on-site survey of a SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB facility. These technical experts also assist (when needed) during subcontract performance.

The Contractor will maintain an active membership and representation on the Board of Directors of organizations that the Contractor may partner with for the mutual benefit of the Contractor and the supplier community.

Assist SB, HUBZone SB, SDB, VOSB, SDVOSB, and WOSB concerns whenever possible by counseling them on how to do business with Sandia.

B. Internal Efforts

Procurement activities shall be monitored to evaluate compliance with the Subcontracting Plan.

Procurement activity is monitored on a quarterly basis and reports are provided based on various criteria. A monthly-published procurement activity report is distributed to Procurement Management. The utilization of this report allows Procurement to forecast requirements necessary to accomplish SANDIA'S goals.

Every effort is made to ensure that adequate funding is available for participation in the various small and small business concerns business trade fairs, conferences, board meetings and various outreach/inreach activities. A separate annual budget is therefore established and approved during the beginning of the fiscal year, to be utilized strictly for socioeconomic outreach activities.

Issue and promulgate lab wide policy statement in support of Sandia's socioeconomic effort.

IV. SUBCONTRACTING PLAN FLOWDOWN

The Contractor agrees that the Contract's Clause entitled "Utilization of Small Business Concerns" (FAR 52.219-8) will be included in all subcontracts that offer further subcontracting opportunities. All subcontractors except small business concerns who receive subcontracts in excess of \$500,000 "or \$1,000,000 for construction of a public facility" will be required to adopt and comply with a Subcontracting Plan similar to this one. Such Plans will be reviewed by comparing them with the provisions of the clause, "Small Business Subcontracting Plan" (FAR 52.219-9), thus assuring that all minimum requirements of an acceptable subcontracting plan have been satisfied. The acceptability of percentage and dollar goals shall be determined on a case-by-case basis depending on the supplies/services involved, the availability of potential SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB subcontractors, and prior experience. Once approved and implemented, Plans will be monitored through the submission of periodic reports, and/or, as time and availability of funds permit, periodic visits to subcontractors' facilities to review applicable records and subcontracting program progress.

V. REPORTS AND SURVEYS

The Contractor shall submit reports to the NNSA, as requested, in a format agreed upon. The Contractor shall submit electronically into the Electronic Subcontracting Reporting System (eSRS) the semi-annual Individual Subcontracting Reports (formerly SF 294) and annual Summary Subcontracting Reports (formerly SF 295) and

cooperate in any studies or surveys as may be required by the Contracting Officer or the SBA in order to determine the extent of compliance by the Contractor with the Subcontracting Plan and with the clause entitled "Utilization of Small Business Concerns," contained in the Contract. The Contractor shall also ensure that its subcontractors agree to electronically submit Individual Subcontracting Reports (ISR) and Summary Subcontracting Reports (SSR).

VI. RECORDS AND PROCEDURES

The Contractor shall maintain the following types of records to document compliance with this Subcontracting Plan:

- Procurement data, which is tracked by an automated system that provides historical data, related to each subcontract.
- Records to support other outreach efforts such as attendance at small and minority business procurement conferences and trade fairs.
- Records to support internal activities that guide and encourage buyers to support this Plan, such as workshops, seminars, training programs, award programs, as well as activities designed to evaluate compliance to the Plan.
- Records of organizations contacted in an attempt to locate SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB sources.
- Records on a contract-by-contract basis that support subcontract award data, which include name and address of subcontractor as well as the size and type of business that received the award.
- Records of SB, SDVOSB, HUBZone SB, SDB, VOSB and WOSB suppliers.

SUBMITTED BY
CONTRACTOR:

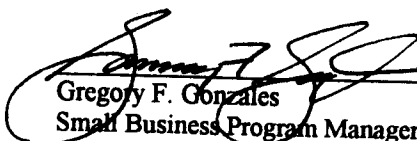
Sandia Corporation


Victor A. Chavez
Manager of Supply Chain Resources and Development

11/15/05
Date

PLAN CONCURRED IN BY:

NNSA Service Center – Albuquerque


Gregory F. Gonzales
Small Business Program Manager

11-23-05
Date

ACCEPTED BY:

NNSA Sandia Site Office

Lorraine Otero 11/20/05
Lorraine Otero Date
Contracting Officer

Part III - Section J
Appendix G
List of Applicable Directives and NNSA Policy Letters
January 13, 2006

In addition to the list of applicable directives referenced below, the contractor shall also comply with supplementary directives (e.g., manuals), which are invoked by a Contractor Requirements Document (CRD) attached to a directive referenced below.

DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE
APPH Chapter X Revision 10	09/08/98	Accounting Practices & Procedures Handbook Chapter X - Product Cost Accounting
DOE O 110.3	11/3/99	Conference Management
AL A-130 Chg. 1 dated 11/30/98	01/97	Implementation Criteria, Appendix III
DOE O 130.1	9/29/95	Budget Formulations Process
DOE M 140.1-1B	3/30/01	Interface with the Defense Nuclear Facilities Safety Board
DOE O 142.1	1/13/04	Classified Visits Involving Foreign Nationals
DOE O 142.2	1/1/04	Safeguards Agreement and Protocol with the International Atomic Energy Agency
DOE O 142.3	6/18/04	Unclassified Foreign Visits and Assignments
DOE O 151.1C	11/02/05	Comprehensive Emergency Management System
DOE N 153.2	8/11/03	Connectivity to National Atmospheric Release Advisory Center (NARAC)
DOE O 200.1	9/30/96	Information Management Program
DOE M 200.1-1	3/15/97	Telecommunications Security Manual, and Chapter 9 Public Key Cryptography and Key Management, approved 2/15/00
DOE O 205.1	3/21/03	Department of Energy Cyber Security Management Program
DOE N 205.2	8/12/04 (DOE N 205.16 extends DOE N 205.2 until 9/30/06)	Foreign National Access to DOE Cyber Systems
DOE N 205.3	8/12/04 (DOE N 205.16 extends DOE N 205.3 until 9/30/06)	Password Generation, Protection, and Use
DOE N 206.3	11/22/05	Personal Identity Verification ¹
DOE O 221.1	3/22/01	Reporting Fraud, Waste, and Abuse to the Office of Inspector General
DOE O 221.2	3/22/01	Cooperation With The Office of Inspector General
DOE O 224.2	3/22/01	Auditing of Programs and Operations
DOE O 225.1A	11/26/97	Accident Investigations

¹ DOE N 206.3 is applicable to contractors per the Clay Sell, Deputy Secretary of Energy, memorandum dated 10/13/05.

DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE
DOE O 226.1	09/15/05	Implementation of Department of Energy Oversight Policy
DOE M 231.1-1A Chg1	9/9/04	Environment, Safety, and Health Reporting Manual
DOE M 231.1-2	8/19/03	Occurrence Reporting and Processing of Operations Information
DOE O 241.1A Chg 1	10/14/03	Scientific and Technical Information Management
DOE O 251.1A	1/30/98	Directives System
DOE O 252.1	11/19/99	Technical Standards Program
DOE O 311.1B	2/12/03	Equal Employment Opportunity and Diversity Program
DOE O 350.1, Chg 1 dated 5/8/98	9/30/96	Contractor Human Resource Management Programs
DOE O 350.2A	10/29/03	Use of Facility Contractor Employees for Services to DOE in the Washington, D.C., Area
DOE O 412.1A	4/21/05	Work Authorization System
DOE O 413.1A	4/18/02	Management Control Program
DOE O 413.2A	1/8/01	Laboratory Directed Research & Development
DOE O 413.3, Chg. 1 dated 01/03/05	10/13/00	Program & Project Management for the Acquisition of Capital Assets
DOE O 414.1C	6/17/05	Quality Assurance ²
DOE O 420.1A	5/20/02	Facility Safety
DOE O 420.2B	7/23/04	Safety of Accelerator Facilities
DOE O 425.1C	3/13/03	Startup and Restart of Nuclear Facilities
DOE O 430.1B	9/24/03	Real Property Asset Management
DOE O 430.2A	4/15/02	Departmental Energy and Utilities Management
DOE O 433.1	6/1/01	Maintenance Management Program for DOE Nuclear Facilities
DOE O 435.1, Chg. 1 dated 8/28/01	7/9/99	Radioactive Waste Management
DOE O 440.1A	3/27/98	Worker Protection Management for DOE Federal and Contractor Employees
DOE O 440.2B	11/27/02	Aviation Management and Safety
DOE O 442.1A	6/6/01	Department Of Energy Employee Concerns Program
DOE O 443.1	5/15/00	Protection of Human Subjects
DOE O 450.1, Chg 1 dated 01/24/05	1/15/03	Environmental Protection Program
DOE P 450.5	6/26/97	Line Environment, Safety and Health Oversight
DOE N 450.7	10/17/01 (DOE N 450.14 extends DOE N 450.7 until 6/30/06)	The Safe Handling, Transfer, and Receipt of Biological Etiologic Agents at Department of Energy Facilities
DOE O 452.1C	09/20/05	Nuclear Explosive and Weapon Surety Program
AL 452.1B	10/23/01	Nuclear Explosive and Weapon Surety Program
AL 452.2B	03/22/02	Safety of Nuclear Explosive Operations (This directive was inadvertently omitted from the List when it was last updated.)
DOE O 452.2B	8/7/01	Safety of Nuclear Explosive Operations; and DOE-STD-3015-2001, Nuclear Explosive Safety Study Process, dated February 2001
DOE O 452.3	6/08/05	Management of the Department of Energy Nuclear Weapons Complex
DOE O 452.4A	12/17/01	Security and Control of Nuclear Explosives and Nuclear Weapons

² Full implementation will occur in accordance with SNL's approved Implementation Plan.

DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE
DOE M 452.4-1A	3/11/04	Protection of Use Control Vulnerabilities and Designs
DOE O 460.1B	4/4/03	Packaging and Transportation Safety
DOE O 460.2A	12/22/04	Departmental Materials Transportation & Packaging Management
DOE M 460.2-1	9/23/02	Radioactive Material Transportation Practices
DOE O 461.1A	4/26/04	Packaging and Transfer or Transportation of Materials of National Security Interest
DOE O 470.2B	10/31/02	Independent Oversight and Performance Assurance Program
DOE O 470.3	10/18/04	Design Basis Threat Policy
DOE O 470.4	08/26/05	Safeguards and Security Program
DOE M 470.4-1	08/26/05	Safeguards and Security Program Planning and Management
DOE M 470.4-2	08/26/05	Physical Protection
DOE M 470.4-3	08/26/05	Protective Force
DOE M 470.4-4	08/26/05	Information Security
DOE M 470.4-5	08/26/05	Personnel Security
DOE M 470.4-6	08/26/05	Nuclear Material Control and Accountability
DOE M 470.4-7	08/26/05	Safeguards and Security Program References
DOE O 471.1A	6/30/00 (DOE N 251.64 extends this Order until 7/7/06)	Identification and Protection of Unclassified Controlled Nuclear Information
DOE M 471.2-2	8/3/99	Classified Information Systems Security Manual ³ (<i>except Chapter VI, paragraphs 4j(2), and 4j(6); and Chapter VII, paragraph 12a(2)(a) cancelled per DOE N 205.3</i>)
DOE M 471.2-3A	7/11/02	Special Access Program Policies, Responsibilities, and Procedures ⁴
DOE O 471.3	4/9/03	Identifying and Protecting Official Use Only Information
DOE M 471.3-1	4/9/03	Manual for Identifying and Protecting Official Use Only Information
DOE M 473.2-2, Chg. 1 dated 12/20/01	6/30/00	Protective Force Program Manual
DOE O 475.1	12/10/04	Counterintelligence Program
DOE M 475.1-1A	2/26/01 (DOE N 251.61 extends this Manual until 03/03/06)	Identifying Classified Information
DOE O 481.1C	01/24/05	Work For Others (Non-Department of Energy Funded Work)
DOE N 481.1A	4/21/03 (DOE N 251.62 extends this Notice until 4/21/06)	Reimbursable Work for Department of Homeland Security
DOE O 482.1	1/12/01	DOE Facilities Technology Partnering Programs
DOE O 483.1	1/12/01	DOE Cooperative Research & Development Agreements

³ Full implementation will occur in accordance with SNL's approved Implementation Plan.

⁴ Implementation of this Manual predicated on the continuance of direct funding in the future.

DOE O 522.1	11/03/04	Pricing of Departmental Directives
DOE O 534.1B	1/6/03	Accounting
DOE O 551.1B	8/19/03	Official Foreign Travel
DOE 1220.1A Chg. 1 dated 6/28/92	4/9/92	Congressional & Intergovernmental Affairs
DOE O 1450.4	11-12-92	Consensual Listening-In to or Recording Telephone/Radio Conversations ⁵
DOE 5400.5 Chg. 2 dated 1/7/93	2/8/90	Radiation Protection of the Public & the Environment (<i>except 1a(3)(a) of Chapter II cancelled per DOE O 231.1</i>)
DOE 5480.4 Chg. 4 dated 1/7/93	5/15/84	Environmental Protection Safety & Health Protection Standards (<i>except Attachment 2, paragraph 2c, 2d(2)-(3), 2e(1)-(8) and Attachment 3, paragraph 2c, 2d(2)-(3), and 2e(1)-(7) cancelled per DOE O 440.1 dated 9/30/95</i>)
DOE 5480.19, Chg. 2 dated 10/23/01	7/9/90	Conduct of Operations Requirements for DOE Facilities
DOE 5480.20A, Chg. 1 dated 7/12/01	11/15/94	Personnel Selection, Qualification, and Training Requirements for DOE Nuclear Facilities
DOE 5480.30, Chg. 1 dated 3/14/01	1/19/93	Nuclear Reactor Safety Design Criteria
DOE 5530.1A	9/20/91	Accident Response Group
DOE 5530.3 Chg. 1 dated 4/10/92	1/14/92	Radiological Assistance Program
DOE 5530.5 Chg. 1 dated 12/2/92	7/10/92	Federal Radiological Monitoring & Assessment Center
DOE 5560.1A	5/8/85	Priorities and Allocations Program
DOE 5660.1B	5/26/94	Management of Nuclear Materials

⁵ a) All paragraphs of DOE O 1450.4 are applicable to Sandia with the exception of the following: 7a, 7b, 7c, 7f, 8b and 8c. b) References to the organization AD-20, Director, Information Resources should read NA-65, Office of the Chief Information Officer. c) References to the organization SA-1, Director Office of Security Affairs, should read SO-1, Office of Security. d) Paragraph 7.d. Replace "Heads of Departmental Elements" with "The contractor" (e.g., The contractor shall...). e) Paragraph 7.d.(2) Replace "AD-24 or SA-1, as appropriate" with the "Sandia Site Office, Manager" and remove "or forward the documentation through the respective PSO." f) Paragraph 8.a. Replace "Heads of Departmental Elements" with "The contractor"; replace "AD-24" with the "Sandia Site Office, Manager" and replace SA-1 with SO-1. g) Paragraph 8.a. Add "through the Sandia Site Office" at the end of the last sentences so it reads ...shall be submitted to SO-1 through the Sandia Site Office. h) Paragraph 8.e. Replace "Departmental Elements" with "The contractor" at the beginning of the second sentence and change "AD-20 or SA-1" with "the Sandia Site Office." i) Paragraph 8.f. Change "Organizational elements authorized" to "The contractor as authorized."

56XB Rev. 2	5/10/04 (Release Date)	Nuclear Weapon Development and Production ⁶
SEN-22-90	5/8/90	DOE Policy on Signatures of RCRA Permit Applications
SEN-35-91	9/9/91	Nuclear Safety Policy
NAP 14.1	9/12/03	NNSA Cyber Security Program
NAP 14.2	9/12/03	Baseline Cyber Security Requirements
NAP 14.3	9/12/03	NNSA Protection Profile and Security target Requirements
NAP 14.4	9/12/03	Open Public Unrestricted Access Information Group Protection Profile
NAP 14.5	9/12/03	Unclassified Protected Information Group Protection Profile
NAP 14.6	9/12/03	Unclassified Mandatory Protection Information Group Protection Profile
NAP 14.7	9/12/03	Confidential Non-Nuclear Weapons Data Information Group Protection Profile
NAP 14.8	9/12/03	Secret Restricted Non-Nuclear Weapons Data Information Group Protection Profile
NAP 14.9	9/12/03	Confidential Restricted Data, Sigmas 1-13 Information Group Protection Profile
NAP 14.10	9/12/03	Secret Restricted Data, Sigmas 1-13, Information Group Protection Profile
NAP 14.11	9/12/03	Secret Restricted Data, Sigmas 14-15, Information Group Protection Profile

⁶ Changes to the 56XB, Nuclear Weapon Development and Production (D&P) Manual and the D&P derived requirements are processed as described in contract clause H-33(e) (Reference contract modification M216). The date listed above reflects the Rev 2 release date and not the most recent change, which is identified through the process described in H-33(e).